

Message Text

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ACTION EA-12

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E.O. 11652: N/A

TAGS: ENRG, RP

SUBJECT: MANAGEMENT SHAKE-UP AT NATIONAL POWER CORPORATION

1. SUMMARY. SECRETARY OF ENERGY VELASCO HAS TAKEN LONG AWAITED STEP OF REORGANIZING AND REVITALIZING TOP MANAGEMENT AT NATIONAL POWER CORPORATION (NPC). POSITION OF PRESIDENT AND CHIEF EXECUTIVE OFFICER WAS CREATED ALONG WITH TWO SENIOR V.P.S AND THREE OTHER V.P.S. GABRIEL ITCHON WAS NAMED PRESIDENT OF NPC AND UNDERSECRETARY OF ENERGY CONCURRENTLY. V.P.S ARE ALL EXPERIENCED AND QUALIFIED TECHNOCRATS. NPC SHOULD BE BETTER ABLE TO CARRY OUT ITS AMBITIOUS POWER EXPANSION PROGRAM UNDER THIS NEW MANAGEMENT. END SUMMARY.

2. SECRETARY OF ENERGY GERONIMO VELASCO ANNOUNCED MAJOR MANAGEMENT CHANGES AT NPC APRIL 26. REORGANIZATION HAS BEEN RUMORED SINCE LATE 1977 WHEN NPC WAS ATTACHED TO THE NEWLY CREATED DEPARTMENT OF ENERGY AND VELASCO WAS MADE CHAIRMAN OF THE BOARD.

3. THE NEW CORPORATE STRUCTURE INCLUDES A PRESIDENT/CHIEF

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EXECUTIVE OFFICER, SENIOR VICE-PRESIDENTS FOR ENGINEERING AND UTILITY OPERATIONS, AND THREE VICE-PRESIDENTS FOR LEGAL AFFAIRS AND ADMINISTRATION, CORPORATE PLANNING, AND FINANCE. THE OLD STRUCTURE WAS HEADED BY A GENERAL MANAGER, ASSISTANT GENERAL MANAGER, AND FUNCTIONAL DIVISION CHIEFS. THE BOARD OF DIRECTORS IS RETAINED. OTHER BOARD MEMBERS BESIDES VELASCO ARE: SECRETARY OF PUBLIC WORKS

ALFREDO L. JUINIO, ASSISTANT SECRETARY OF FINANCE VICTOR C. MAKALINKAG, AND DIRECTOR OF ASIAN DEVELOPMENT BANK (ADB) ALEJANDRO MELCHOR. OUTGOING NPC GM DEL ROSARIO HAS BEEN ADVISED HE WILL RETAIN HIS SEAT ON THE BOARD ALSO. THE NEW NPC PRES., GABRIEL Y. ITCHON, IS ALSO A BOARD MEMBER.

4. THE NEW MANAGEMENT LINE-UP IS AS FOLLOWS: GABRIEL Y. ITCHON - PRESIDENT AND CHIEF EXECUTIVE OFFICER. ALSO NAMED CONCURRENTLY AS NEW UNDERSECRETARY OF ENERGY. FORMERLY UNDERSECRETARY OF INDUSTRY FOR MAJOR PROJECTS, PRESIDENTIAL ASSISTANT FOR MONETARY AFFAIRS AND SPECIAL ASSISTANT TO THE GOVERNOR OF THE CENTRAL BANK, ITCHON ALSO HAS HAD A LONG AND DISTINGUISHED CAREER IN THE CENTRAL BANK (CB) WHERE HE HEADED THE MANAGEMENT OF EXTERNAL DEBTS AND INVESTMENT ACCOUNTS DEPARTMENT (MEDIAD) FROM 1970 TO 1975. DURING THIS PERIOD CB TURNED AROUND THE PHILIPPINES' FORMERLY POOR DEBT SERVICE AND MANAGEMENT RECORD. IN EARLY 1976 PRESIDENT MARCOS PUT ITCHON IN OVERALL CHARGE OF IMPLEMENTING THE PHILIPPINES' FIRST NUCLEAR POWER PROJECT. ITCHON UNDERSTANDS FINANCE, MANAGEMENT, POLICY PLANNING, AND HAS GOOD TIES WITH THE PALACE. HE CAN GET THINGS DONE FOR NPC.

JOSE U. JOVELLANOS - SENIOR VICE-PRESIDENT FOR ENGINEERING FORMER VICE-PRESIDENT FOR PETROCHEMICALS AND OTHER SPECIAL PROJECTS OF PHILIPPINE NATIONAL OIL COMPANY (PNOC), HE WAS LIMITED OFFICIAL USE

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ORIGINALLY AN ESSO MAN.

CONRADO DEL ROSARIO - SENIOR VICE-PRESIDENT FOR UTILITY OPERATIONS. FORMER GENERAL MANAGER FOR NPC, WHO CAME UP THROUGH THE RANKS, THIS IS A DEFINITE DEMOTION FOR DEL ROSARIO WHO WAS REGARDED AS REASONABLY HONEST AND DEDICATED, BUT NOT QUITE CAPABLE OF MANAGING MAJOR NEW EXPANSION PROGRAMS OF NPC UNDER NEW FIVE/TEN YEAR PLAN.

CRISPIN UBALDO - VICE-PRESIDENT FOR LEGAL AFFAIRS AND ADMINISTRATION. FORMER HEAD OF SPECIAL PROJECTS GROUP (NUCLEAR PROJECT) AND ASSISTANT GENERAL MANAGER OF NPC, WHO CAME UP THROUGH THE RANKS. THIS IS ALSO A DEMOTION FOR UBALDO WHO SHARES DEL ROSARIO'S MANAGEMENT WEAKNESSES.

DEMETRIO PAZ - VICE-PRESIDENT FOR CORPORATE PLANNING. INCUMBENT IN THIS POSITION, PAZ GETS A PROMOTION IN TITLE ONLY. PAZ WAS CENTRALLY INVOLVED IN NEGOTIATING WESTINGHOUSE NUCLEAR POWER PROJECT CONTRACT, AND LATER MAJOR IBRD LOANS TO NPC.

ANTONIO L. CARPIO - VICE-PRESIDENT FOR FINANCE. FORMERLY

PNOC VICE-PRESIDENT FOR MANAGEMENT SERVICES, AND OLD ESSO MAN, HE WAS RECENTLY SELECTED BY VELASCO TO CONDUCT INTERNAL NPC AUDIT AND INVESTIGATION INTO CIRCUMSTANCES SURROUNDING NEGOTIATIONS OF NUCLEAR POWER PROJECT CONTRACT

5. VELASCO, CONCURRENTLY ENERGY SECRETARY AND CHAIRMAN OF PNOC AND NPC, HAS DEFINITELY PUT HIS STAMP ON THE NATIONAL POWER CORPORATION. HE HAS RESTRUCTURED TOP MANAGEMENT TO CORRESPOND WITH PNOC, AND HAS PUT HIS OWN MEN IN KEY POSITIONS OF ENGINEERING AND FINANCE. ITCHON IS NOT A VELASCO MAN, PER SE, BUT HAS WORKED WELL WITH VELASCO IN

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THE PAST, AND HAS DIRECT ACCESS TO PRESIDENT MARCOS. WITH RECENT AUTHORIZED CAPITAL STOCK INCREASE TO 50 BILLION PESOS REQUIRING A PAID UP CAPITAL OF AT LEAST 2.5 BILLION PESOS (340 MILLION DOLLARS) NPC IS NOW THE BIGGEST GOVERNMENT OWNED CORPORATION IN THE PHILIPPINES, EVEN LARGER THAN PNOC. MOST OBSERVERS HAVE FELT A MANAGEMENT SHAKE-UP AND REVITALIZATION AT NPC WAS LONG OVERDUE IF IT WERE TO ACHIEVE THE 7.2 BILLION DOLLARS POWER EXPANSION PROGRAM ENVISAGED IN THE FIVE/TEN YEAR ENERGY DEVELOPMENT PLAN.

THIS MOVE TO REPLACE TOP MANAGEMENT WITH GOOD QUALITY EXPERIENCED PEOPLE - NOT JUST POLITICOS - IS POSITIVE STEP. SOONER OR LATER HOWEVER, VELASCO'S PEOPLE WILL HAVE TO MOVE ON MORIBUND MIDDLE MANAGEMENT AT NPC IF IT HOPES TO ACHIEVE ITS AMBITIOUS AND DYNAMIC POWER DEVELOPMENT PLAN WHICH DEMANDS SHIFT TO NUCLEAR, GEOTHERMAL, AND COAL POWER AS WELL AS TRADITIONAL HYDRO AND OIL PLANTS. STULL

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